advised Reserve Bank of India to monitor the performance of weak banks on a regular basis

advised the banks to contain capital expenditure, ban on recruitment of staff, relocating surplus staff to branches where additional staff are required etc.

Bank Loan Defaulters

3520. SHRI R. MARGABANDU: Will the Minister of FINANCE be pleased to state:

(a) the details of defaulters of bank loans over ten lakh rupees, Bank-wise and State-wise; and

(b) what steps are taken to recover these loans?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) Reserve Bnk of India (RBI) has informed that their data monitoring system does not generate information of defaulters of bank loans in the form asked for.

(b) Government/RBI have taken the following measures/issued guidelines for recovery of NPAs.

(i) the banks should formulate a loan recovery policy with the approval of their Board of Directors.

(ii) The banks should set up 'Recovery Cells' at Head Office and monitor recovery of NPAs closely.

(iii) The banks may enter into compromise/negotiated settlements on the merits of each case subject to various safeguards prescribed by RBI and ensure maximum recovery at minimum expense.

(iv) Debt recovery Tribunals have been set up in Calcutta, Delhi, Bangalore, Ahmedabad, Patna, Guwahati, Chennai and Jaipur and an Appellate Tribunal in Mumbai to help banks in recovery of NPAs.

Lifting the Ban on Investments by FIIs

3521. SHRI SATISH AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) the rationale behind lifting the ban on investments by Foreign Institutional Investors (FIIs) in open-ended 100% debt oriented and equity schemes of mutual funds;

(b) whether Government/SEBI/RBI assessed the impact of withdrawal of their money at one go; and

(c) what precautions have been taken to prevent such an eventuality?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) There has been no ban on investments by Foreign Institutional Investors(FIIs) in open ended 100% Debt oriented and equity schemes of Mutual Funds. However as a part of ongoing liberalisation FIIs registered with the Securities and Exchange Board of India (SEBI) as Debt funds have been allowed to invest 100% of their funds in debt securities of companies and dated Government securities.

(b) and (c) Since FIIs have started investing in the Indian Stock markets the monthly cumulative net investments by them have always been positive. While the limits prescribed for FIIs investments in individual companies and the structure of capital gains tax applicable for their investments may have a bearing on the likelihood and extent of withdrawal by FIIs, it is expected that the Indian Stock market itself is mature enough to absorb the impact of any withdrawal by FIIs.

Assistance for regenerating the Manipur State Cooperative Bank

3522. SHRI W. ANGOU SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether the Manipur Government has approached the Central Government for any assistance to regenerate the Manipur State Co-operative Bank Ltd.;